

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 52

Introduced by Senators Leno and Hill

December 20, 2012

An act to amend Sections 84505 and 85310 of, to add Sections 84506.1, 84506.2, 84506.3, and 84506.4 to, to add Article 6 (commencing with Section 84550) to Chapter 4 of Title 9 of, to repeal Sections 84502, 84503, 84504, and 84506.5 of, and to repeal and add Sections 84501, 84506, 84507, 84508, and 84509 of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 52, as amended, Leno. Political Reform Act of 1974: campaign disclosures.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. *Existing law additionally imposes disclosure statement requirements with respect to advertisements supporting or opposing a candidate or ballot measure paid for by donors making contributions of specified amounts or by independent expenditures and defines several terms and phrases for these purposes.* Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties.

~~This bill would declare the intent of the Legislature to enact legislation that would strengthen the Political Reform Act of 1974 and the campaign disclosure requirements within that act to require that advertisements disclose specified funding, expenditure, and issue advocacy information~~

~~in a manner that clearly and unambiguously identifies the three largest major donors.~~

This bill would repeal and recast several definitions. The bill would repeal a committee identification requirement and the disclosure statement requirements relating to advertisements for or against any ballot measure paid for by any person whose cumulative contributions are \$50,000 and advertisements paid for by an independent expenditure. The bill would impose new disclosure statement requirements for radio advertisements, prerecorded telephonic messages, television or video advertisements, and mass mailing or print advertisements that would require the identification of identifiable contributors, ballot measures, and other funding details, as specified. The bill would also require a committee, in prescribed circumstances, to establish and maintain a campaign disclosure Internet Web site for each of its campaigns for the purpose of making a contribution disclosure statement. The bill would require covered organizations, as defined, that make campaign-related disbursements or expenditures exceeding a certain amount to comply with disclosure and accounting requirements. Covered organizations would be required to keep an accounting of all original contributors of political purpose funds and to make this accounting available for audit by the Fair Political Practices Commission. The bill would provide that, in addition to other remedies, a person who makes a covered transfer of political purpose funds in violation of specified requirements is liable in a civil or administrative action brought by the Fair Political Practices Commission or any person for a fine up to 3 times the amount of the covered transfer. By introducing new disclosure requirements, the violation of which would be a misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

Existing law requires a person who makes a payment or promise of payment totaling \$50,000 or more for a communication that identifies, but does not advocate the election or defeat of, a candidate for elective state office, and that is disseminated within 45 days of an election, to file a disclosure report with the Secretary of State.

This bill would reduce the payment threshold to \$10,000 and change the communication dissemination period to the period beginning 120 days before the primary or special election and ending on the date of the general or runoff election.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: ~~majority~~ $\frac{2}{3}$. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known as the California Disclose
2 Act.

3 ~~SEC. 2. It is the intent of the Legislature to enact legislation~~
4 ~~that would strengthen the Political Reform Act of 1974 and the~~
5 ~~campaign disclosure requirements within that act to require that~~
6 ~~advertisements disclose the largest funders of all political~~
7 ~~television, radio, print, and other forms of advertising for ballot~~
8 ~~measures, independent expenditures, and issue advocaey in a~~
9 ~~manner that clearly and unambiguously identifies the three largest~~
10 ~~major donors.~~

11 ~~SEC. 2. Section 84501 of the Government Code is repealed.~~

12 ~~84501. (a) "Advertisement" means any general or public~~
13 ~~advertisement which is authorized and paid for by a person or~~
14 ~~committee for the purpose of supporting or opposing a candidate~~
15 ~~for elective office or a ballot measure or ballot measures.~~

16 ~~(b) "Advertisement" does not include a communication from~~
17 ~~an organization other than a political party to its members, a~~
18 ~~campaign button smaller than 10 inches in diameter, a bumper~~
19 ~~sticker smaller than 60 square inches, or other advertisement as~~
20 ~~determined by regulations of the commission.~~

21 ~~SEC. 3. Section 84501 is added to the Government Code, to~~
22 ~~read:~~

23 ~~84501. For purposes of this article, the following terms have~~
24 ~~the following meanings:~~

25 ~~(a) (1) "Advertisement" means a general or public~~
26 ~~advertisement that is authorized and paid for by a person or~~

1 committee for the purpose of supporting or opposing a candidate
2 for elective office or a ballot measure or ballot measures, for an
3 electioneering communication, or for an issue advocacy
4 advertisement, as defined in Section 84550.

5 (2) “Advertisement” does not include a communication from
6 an organization other than a political party to its members, a
7 campaign button smaller than 10 inches in diameter, a bumper
8 sticker smaller than 60 square inches, or other advertisement as
9 determined by regulations of the Commission.

10 (b) “Campaign” means the expenditures and other activities
11 of a covered organization in support of, or opposition to, or in
12 reference to a specific ballot measure, candidate, legislative action,
13 or administrative action, or any combination thereof.

14 (c) “Campaign disclosure threshold” means ten thousand
15 dollars (\$10,000) in the case of a campaign in support of or
16 opposition to a statewide ballot measure, a state candidate, or
17 issue advocacy, or two thousand dollars (\$2,000) in the case of a
18 campaign in support of or opposition to a local ballot measure or
19 local candidate.

20 (d) “Campaign disclosure Internet Web site” means a
21 committee’s Internet Web site for a specific campaign that discloses
22 the top identifiable contributors to that committee for that
23 campaign, as described in Section 84506.3.

24 (e) “Covered organization” has the same meaning as set forth
25 in subdivision (c) of Section 84550.

26 (f) “Earmarked original contributions” means the cumulative
27 amount of original contributions from an identifiable contributor
28 that a covered organization used for a specific campaign or that
29 have been directed to be used for the campaign but have not yet
30 been expended.

31 (g) “Identifiable contributor” means a person whose earmarked
32 original contributions to a campaign’s covered organization meet
33 or exceed the campaign disclosure threshold. If an original
34 contributor’s earmarked original contributions do not meet or
35 exceed the campaign disclosure threshold, the accumulation of
36 those contributions shall be treated as a single earmarked original
37 contribution to the original recipient.

38 (h) “Original contribution” has the same meaning as set forth
39 in subdivision (h) of Section 84550.

1 (i) “Original contributor” has the same meaning as set forth
2 in subdivision (i) of Section 84550.

3 SEC. 4. Section 84502 of the Government Code is repealed.

4 84502. ~~“Cumulative contributions” means the cumulative~~
5 ~~amount of contributions received by a committee beginning 12~~
6 ~~months prior to the date the committee made its first expenditure~~
7 ~~to qualify, support, or oppose the measure and ending within seven~~
8 ~~days of the time the advertisement is sent to the printer or broadcast~~
9 ~~station.~~

10 SEC. 5. Section 84503 of the Government Code is repealed.

11 84503. (a) ~~Any advertisement for or against any ballot measure~~
12 ~~shall include a disclosure statement identifying any person whose~~
13 ~~cumulative contributions are fifty thousand dollars (\$50,000) or~~
14 ~~more.~~

15 (b) ~~If there are more than two donors of fifty thousand dollars~~
16 ~~(\$50,000) or more, the committee is only required to disclose the~~
17 ~~highest and second highest in that order. In the event that more~~
18 ~~than two donors meet this disclosure threshold at identical~~
19 ~~contribution levels, the highest and second highest shall be selected~~
20 ~~according to chronological sequence.~~

21 SEC. 6. Section 84504 of the Government Code is repealed.

22 84504. (a) ~~Any committee that supports or opposes one or~~
23 ~~more ballot measures shall name and identify itself using a name~~
24 ~~or phrase that clearly identifies the economic or other special~~
25 ~~interest of its major donors of fifty thousand dollars (\$50,000) or~~
26 ~~more in any reference to the committee required by law, including,~~
27 ~~but not limited, to its statement of organization filed pursuant to~~
28 ~~Section 84101.~~

29 (b) ~~If the major donors of fifty thousand dollars (\$50,000) or~~
30 ~~more share a common employer, the identity of the employer shall~~
31 ~~also be disclosed.~~

32 (c) ~~Any committee which supports or opposes a ballot measure,~~
33 ~~shall print or broadcast its name as provided in this section as part~~
34 ~~of any advertisement or other paid public statement.~~

35 (d) ~~If candidates or their controlled committees, as a group or~~
36 ~~individually, meet the contribution thresholds for a person, they~~
37 ~~shall be identified by the controlling candidate’s name.~~

38 SEC. 7. Section 84505 of the Government Code is amended to
39 read:

1 84505. In addition to the requirements of Sections ~~84503,~~
2 84504, 84506, ~~and 84506.5~~ 84506.1, 84506.2, 84506.3, and
3 84506.4, the committee placing the advertisement or persons acting
4 in concert with that committee shall be prohibited from creating
5 or using a noncandidate-controlled committee or a nonsponsored
6 committee to avoid, or that results in the avoidance of, the
7 disclosure of any individual, industry, business entity, controlled
8 committee, or sponsored committee as a major funding source.

9 *SEC. 8. Section 84506 of the Government Code is repealed.*

10 ~~84506. (a) An advertisement supporting or opposing a~~
11 ~~candidate or ballot measure, that is paid for by an independent~~
12 ~~expenditure, shall include a disclosure statement that identifies~~
13 ~~both of the following:~~

14 ~~(1) The name of the committee making the independent~~
15 ~~expenditure.~~

16 ~~(2) The names of the persons from whom the committee making~~
17 ~~the independent expenditure has received its two highest~~
18 ~~cumulative contributions of fifty thousand dollars (\$50,000) or~~
19 ~~more during the 12-month period prior to the expenditure. If the~~
20 ~~committee can show, on the basis that contributions are spent in~~
21 ~~the order they are received, that contributions received from the~~
22 ~~two highest contributors have been used for expenditures unrelated~~
23 ~~to the candidate or ballot measure featured in the communication,~~
24 ~~the committee shall disclose the contributors making the next~~
25 ~~largest cumulative contributions of fifty thousand dollars (\$50,000)~~
26 ~~or more.~~

27 ~~(b) If an acronym is used to identify any committee names~~
28 ~~required by this section, the names of any sponsoring organization~~
29 ~~of the committee shall be printed on print advertisements or spoken~~
30 ~~in broadcast advertisements.~~

31 *SEC. 9. Section 84506 is added to the Government Code, to*
32 *read:*

33 84506. (a) A radio advertisement paid for by a
34 candidate-controlled committee that clearly identifies the candidate
35 or one or more of the opponents of the candidate shall include an
36 audio statement in which the candidate identifies himself or herself
37 and states that the candidate has approved the message.

38 (b) (1) A radio advertisement or prerecorded telephonic
39 message regarding a campaign shall include a disclosure at the
40 end of the advertisement read in a clearly spoken manner and in

1 a pitch and tone substantially similar to the rest of the
2 advertisement that reads as follows: “Top funders of this ad are
3 [state names in descending order of identifiable contributors who
4 have made the three largest earmarked original contributions for
5 the campaign]. Paid for by [name of the committee that paid for
6 the advertisement].”

7 (2) If there are fewer than three identifiable contributors, the
8 disclosure required by paragraph (1) shall be adjusted accordingly
9 to disclose the qualifying identifiable contributors, if any.

10 (3) If there are no identifiable contributors or the committee
11 that paid for the advertisement is the only identifiable contributor,
12 it may replace the disclosure required by paragraph (1) with the
13 following: “Paid for by [name of the committee that paid for the
14 advertisement].”

15 (4) If the advertisement is a prerecorded telephonic message
16 and names each of the three largest identifiable contributors of
17 the campaign and identifies the speaker as speaking on behalf of
18 them, it may replace the disclosure required by paragraph (1) with
19 the following: “Paid for by [name of the committee that paid for
20 the advertisement].”

21 (5) The disclosures specified in this subdivision shall not be
22 required if the advertisement is paid for by a candidate-controlled
23 committee and clearly identifies the candidate or one or more of
24 the opponents of the candidate or if the committee has not expended
25 an amount on the campaign that meets or exceeds the campaign
26 disclosure threshold.

27 SEC. 10. Section 84506.1 is added to the Government Code,
28 to read:

29 84506.1. (a) A television or video advertisement paid for by
30 a candidate-controlled committee that clearly identifies the
31 candidate or one or more of the opponents of the candidate shall
32 include a statement in which the candidate identifies himself or
33 herself and states that the candidate has approved the message.
34 The candidate statement shall be made using an unobscured,
35 full-screen video of the candidate, alone, making the statement,
36 or by using an unobscured, full-screen, and clearly identifiable
37 photographic image of the candidate, alone, that is displayed
38 during an audio voiceover of the candidate reading the statement.

39 (b) Except as otherwise provided by this section, a television
40 or video advertisement regarding a campaign shall include at the

1 end of the advertisement a disclosure that includes all of the
2 following:

3 (1) A full-screen without audio on a black background for a
4 minimum of three seconds that is dedicated to the disclosure
5 described in this section.

6 (2) If the advertisement identifies one or two ballot measures,
7 the text “Top Funders of This Ad for [“Yes on” followed by the
8 ballot measure number or letter for any ballot measures it supports
9 or “No on” followed by the ballot measure number or letter for
10 any ballot measures it opposes].” If the advertisement does not
11 identify ballot measures or identifies more than two ballot
12 measures, the text “Top Funders of This Ad.” The text shall be
13 located at the top of the television or video display screen and
14 centered horizontally, shall be yellow in color in Arial equivalent
15 font, and the font size shall be at least 5 percent of the height of
16 the television or video display screen.

17 (3) Immediately below the text described in paragraph (2), the
18 logos, if any, as they appear on the Internet Web site homepage
19 of the identifiable contributor, for the identifiable contributors
20 who have made the three largest earmarked original contributions
21 to the committee that paid for the advertisement. Each logo shall
22 occupy at least 15 percent of the width or height of the television
23 or video display screen and the logos shall be displayed from left
24 to right in descending order beginning with the largest identifiable
25 contributor.

26 (4) Immediately below the logos, if any, described in paragraph
27 (3), or beneath the text described in paragraph (2), if no
28 identifiable contributor has a logo, the identifiable contributors
29 who have made the three largest earmarked original contributions
30 to the committee that paid for the advertisement. The three
31 identifiable contributors shall each be disclosed on a separate
32 vertical line, in descending order, beginning with the identifiable
33 contributor who made the largest earmarked original contribution
34 on the first line. The name of each of the three identifiable
35 contributors shall be centered horizontally. The text shall be white
36 in color in Arial Narrow equivalent font and the font size shall be
37 at least 5 percent of the height of the television or video display
38 screen.

39 (5) Immediately below the text described in paragraph (4), the
40 text “Full Funding Details At [insert Internet Web site address of

the campaign disclosure Internet Web site].” The text shall be yellow in color in Arial Narrow equivalent font and the font size shall be equivalent to 4 percent of the height of the television or video display screen.

(6) The text “Paid for by [name of the committee that paid for the advertisement].” The text shall be yellow in color in Arial Narrow equivalent font and the font size shall be equivalent to 3 percent of the height of the television or video display screen. The text shall be located in a position that is vertically 3 percent above the bottom of the television or video display screen and centered horizontally.

(7) If there are fewer than three identifiable contributors, the disclosure required by this subdivision shall be adjusted accordingly to disclose only those that qualify as identifiable contributors, if any. If the committee does not have any identifiable contributors, the disclosure shall be adjusted to include the name of the committee in place of the names of identifiable contributors.

(c) The disclosures described in subdivision (b) shall not be required if the advertisement is paid for by a candidate-controlled committee and clearly identifies the candidate or one or more of the opponents of the candidate or if the committee paying for the advertisement has not expended an amount on the campaign that meets or exceeds the campaign disclosure threshold.

SEC. 11. Section 84506.2 is added to the Government Code, to read:

84506.2. (a) Except for slate mailers or as otherwise provided by this section, a mass mailing or print advertisement regarding a campaign shall include a disclosure area on the largest page of the mass mailing or print advertisement that satisfies all of the following:

(1) The disclosure area shall be set apart from the rest of the page on which it is located by a line framing the disclosure area in the shape of a square or rectangle and the line shall be a color that establishes a contrast with the background color of the remainder of the disclosure area. The disclosure area within the border line shall have a solid background color that establishes a contrast to the color of the disclosure text that is equivalent to or greater than the text and background color contrast in the other areas of the mass mailing or print advertisement.

1 (2) *The text “Top Funders of This Ad” shall be located at the*
2 *top of the disclosure area and centered horizontally in the*
3 *disclosure area. The text shall be in an Arial equivalent font with*
4 *a font size of at least 14-point for pages smaller than 8.5 inches*
5 *by 11 inches and at least 16-point for pages that are equal to, or*
6 *larger than, 8.5 inches by 11 inches.*

7 (3) *Immediately below the text described in paragraph (2) shall*
8 *be printed the logos, if any, as they appear on the Internet Web*
9 *site homepage of the identifiable contributor, for the identifiable*
10 *contributors who have made the three largest earmarked original*
11 *contributions to the committee that paid for the mass mailing or*
12 *print advertisement. Each logo shall occupy at least 8 percent of*
13 *the width or height of the page on which the disclosure area is*
14 *located and the logos shall be displayed from left to right in*
15 *descending order beginning with the largest identifiable*
16 *contributor.*

17 (4) *Immediately below the logos, if any, described in paragraph*
18 *(3), or beneath the text described in paragraph (2) if no identifiable*
19 *contributor has a logo, shall be identified by name the identifiable*
20 *contributors who have made the three largest earmarked original*
21 *contributions for the campaign that paid for the mass mailing or*
22 *print advertisement. The three identifiable contributors shall each*
23 *be disclosed on a separate vertical line, in descending order,*
24 *beginning with the identifiable contributor who made the largest*
25 *earmarked original contributions on the first line. The name of*
26 *each of the three identifiable contributors shall be centered*
27 *horizontally. The text shall identify each identifiable contributor*
28 *in an Arial Narrow equivalent font with a font size of at least*
29 *10-point for pages smaller than 8.5 inches by 11 inches and at*
30 *least 12-point for pages that are equal to, or larger than, 8.5 inches*
31 *by 11 inches.*

32 (5) *Immediately below the text described in paragraph (4), the*
33 *text “Full Funding Details At [insert Internet Web site address of*
34 *the campaign disclosure Internet Web site].” The text shall be in*
35 *an Arial Narrow equivalent font with at least 10-point font size*
36 *for pages smaller than 8.5 inches by 11 inches and at least 12-point*
37 *font size for pages that are equal to, or larger than, 8.5 inches by*
38 *11 inches.*

39 (6) *The text “Paid for by [name of the committee that paid for*
40 *the advertisement].” The text shall be located at the bottom of the*

1 disclosure area and shall be in an Arial Narrow equivalent font
2 with at least 8-point font size for pages smaller than 8.5 inches
3 and at least 10-point font size for pages that are equal to, or larger
4 than, 8.5 inches by 11 inches.

5 (7) If there are fewer than three identifiable contributors, the
6 disclosure shall be adjusted accordingly to disclose the qualifying
7 identifiable contributors, if any. If the committee does not have
8 any identifiable contributors, the disclosure shall be adjusted to
9 include the name of the committee in place of the names of
10 identifiable contributors.

11 (b) The disclosures described in subdivision (a) shall not be
12 required if the committee paying for the advertisement is a
13 candidate-controlled committee that pays for advertisements in
14 support of the candidate or if the committee paying for the
15 advertisement has not expended an amount on the campaign that
16 meets or exceeds the campaign disclosure threshold.

17 SEC. 12. Section 84506.3 is added to the Government Code,
18 to read:

19 84506.3. Except for a committee that is controlled by a
20 candidate and that is paying for advertisements in support of the
21 candidate, a committee shall establish and maintain a separate
22 campaign disclosure Internet Web site for each of its campaigns
23 for which it has expended an amount that meets or exceeds the
24 campaign disclosure threshold and for which it pays for an
25 advertisement described in this article. If the campaign has an
26 Internet Web site homepage, that Internet Web site may also serve
27 as the campaign disclosure Internet Web site. The homepage of
28 the campaign disclosure Internet Web site and any other Internet
29 Web sites maintained by the committee shall include a disclosure
30 statement area for the purpose of making a contribution disclosure
31 statement that satisfies all of the following:

32 (a) The disclosure statement area shall be at least 250 pixels
33 wide. The disclosure statement area shall have a white background
34 and a border that is dark in color.

35 (b) If the campaign involves one or more ballot measures, the
36 disclosure statement shall include the text “Top Funders of This
37 Campaign for [“Yes on” followed by the ballot measure number
38 or letter for any ballot measures it supports or “No on” followed
39 by the ballot measure number or letter for any ballot measures it
40 opposes].” This text shall be located at the top of the disclosure

1 statement area and centered horizontally in the disclosure
2 statement area. The text shall be black in color in an Arial
3 equivalent font and shall be at least 10-point font size.

4 (c) Immediately below the text described in subdivision (b), the
5 disclosure statement shall include a list of the identifiable
6 contributors who have made the 10 largest earmarked original
7 contributions to the committee. Each of the 10 identifiable
8 contributors shall be disclosed on a separate vertical line, in
9 descending order, beginning with the identifiable contributor who
10 made the largest cumulative contribution on the first line. The text
11 shall be black in color in an Arial Narrow equivalent font and
12 shall be at least 9-point font size.

13 (d) Immediately below the text described in subdivision (c), the
14 disclosure statement shall include the logos, if any, as they appear
15 on the Internet Web site homepage of the identifiable contributor,
16 for the identifiable contributors who made the 10 largest
17 earmarked original contributions to the committee. Each logo
18 shall occupy at least 75 horizontal or vertical pixels and shall be
19 displayed from left to right in descending order beginning with
20 the largest identifiable contributor.

21 (e) (1) The disclosure statement shall include a hyperlink to
22 another page on the campaign disclosure Internet Web site that
23 lists all of the campaign's identifiable contributors. The hyperlink
24 shall be labeled "More funding info" and shall be a standard
25 hyperlink centered at the bottom of the disclosure area that is
26 displayed as blue underlined text in Arial-equivalent font in at
27 least 9-point font size.

28 (2) The hyperlinked page on the committee disclosure Internet
29 Web site shall have a title that reads "Large Funders of this
30 Campaign." The linked page shall disclose each identifiable
31 contributor of the committee on a separate vertical line, in
32 descending order, beginning with the identifiable contributor that
33 had the largest earmarked original contribution on the first line.
34 Each line shall show the name of the identifiable contributor and
35 the amount of its earmarked original contributions, current within
36 three days. These disclosures shall be clear and shall be the only
37 content on the page other than the campaign disclosure Internet
38 Web site's standard navigation features.

39 (f) If there are fewer than 10 identifiable contributors, the
40 disclosure statement shall be adjusted accordingly to disclose the

1 *qualifying identifiable contributors, if any. If the committee does*
2 *not have any identifiable contributors, the disclosure shall be*
3 *adjusted to include the name of the committee in place of the names*
4 *of identifiable contributors.*

5 *SEC. 13. Section 84506.4 is added to the Government Code,*
6 *to read:*

7 *84506.4. The Commission shall promulgate regulations to*
8 *require disclosures on all forms of advertisements not covered by*
9 *this article, including, but not limited to, electronic media*
10 *advertisements and billboards. If feasible, the regulations shall*
11 *require the listing of the name of the committee and as many of*
12 *the three identifiable contributors that made the largest earmarked*
13 *original contributions to the campaign as possible in a conspicuous*
14 *manner. This disclosure area shall occupy no more than 10 percent*
15 *of the advertisement. If the advertisement medium allows, the*
16 *disclosure area shall contain a hyperlink to the campaign*
17 *disclosure Internet Web site.*

18 *SEC. 14. Section 84506.5 of the Government Code is repealed.*

19 ~~*84506.5. An advertisement supporting or opposing a candidate*~~
20 ~~*that is paid for by an independent expenditure must include a*~~
21 ~~*statement that it was not authorized by a candidate or a committee*~~
22 ~~*controlled by a candidate.*~~

23 *SEC. 15. Section 84507 of the Government Code is repealed.*

24 ~~*84507. Any disclosure statement required by this article shall*~~
25 ~~*be printed clearly and legibly in no less than 10-point type and in*~~
26 ~~*a conspicuous manner as defined by the commission or, if the*~~
27 ~~*communication is broadcast, the information shall be spoken so*~~
28 ~~*as to be clearly audible and understood by the intended public and*~~
29 ~~*otherwise appropriately conveyed for the hearing impaired.*~~

30 *SEC. 16. Section 84507 is added to the Government Code, to*
31 *read:*

32 *84507. For purposes of a disclosure required by this article,*
33 *the following shall also apply in the event that an identifiable*
34 *contributor is a person who is an individual:*

35 *(a) If the committee receiving the earmarked original*
36 *contributions is supporting or opposing a candidate, the disclosure*
37 *shall include the occupation and employer of the identifiable*
38 *contributor in addition to the contributor's name.*

39 *(b) If the committee receiving the earmarked original*
40 *contributions is supporting or opposing a ballot measure, and the*

1 *passage or defeat of the ballot measure directly benefits the*
2 *employer of the identifiable contributor, the disclosure shall*
3 *include the occupation and employer of the identifiable contributor*
4 *in addition to the contributor's name. However, if an employer of*
5 *an identifiable contributor is also an identifiable contributor of*
6 *that committee, the earmarked original contributions of the*
7 *employees shall, instead, be deemed to be earmarked original*
8 *contributions by the employer for purposes of determining the total*
9 *earmarked original contribution made by the employer in order*
10 *to determine which identifiable contributors shall be disclosed on*
11 *an advertisement pursuant to this article.*

12 *(c) If the committee receiving the earmarked original*
13 *contributions is supporting or opposing a ballot measure, and the*
14 *passage or defeat of the ballot measure does not directly benefit*
15 *the employer of the identifiable contributor, the disclosure shall*
16 *include only the name of the identifiable contributor.*

17 *SEC. 17. Section 84508 of the Government Code is repealed.*

18 ~~84508. If disclosure of two major donors is required by Sections~~
19 ~~84503 and 84506, the committee shall be required to disclose, in~~
20 ~~addition to the committee name, only its highest major contributor~~
21 ~~in any advertisement which is:~~

22 ~~(a) An electronic broadcast of 15 seconds or less, or~~

23 ~~(b) A newspaper, magazine, or other public print media~~
24 ~~advertisement which is 20 square inches or less.~~

25 *SEC. 18. Section 84508 is added to the Government Code, to*
26 *read:*

27 *84508. (a) The disclosure of the name of an identifiable*
28 *contributor required by this article need not include such legal*
29 *terms as "incorporated," "committee," "political action*
30 *committee," or "corporation," or their abbreviations, unless the*
31 *term is part of the contributor's name in common usage or*
32 *parlance. This section does not prevent a contributor from being*
33 *disclosed by a name used in common usage or parlance, including,*
34 *but not limited to, an abbreviation or acronym.*

35 *(b) For a disclosure made pursuant to Sections 84506 to*
36 *84506.3, inclusive, the committee name listed need not include its*
37 *economic or other special interests, nor the names of any major*
38 *donors.*

39 *SEC. 19. Section 84509 of the Government Code is repealed.*

1 ~~84509. When a committee files an amended campaign~~
2 ~~statement pursuant to Section 81004.5, the committee shall change~~
3 ~~its advertisements to reflect the changed disclosure information.~~

4 *SEC. 20. Section 84509 is added to the Government Code, to*
5 *read:*

6 *84509. If the order of the identifiable contributors required to*
7 *be displayed in an advertisement pursuant to this article changes*
8 *after a statement is filed pursuant to Section 84554, the disclosure*
9 *in the advertisement shall be updated as follows:*

10 *(a) A television, radio, or other electronic media advertisement*
11 *shall be updated to reflect the new ordering of identifiable*
12 *contributors within three calendar days.*

13 *(b) A print media advertisement, including nonelectronic*
14 *billboards, shall be updated to reflect the new ordering of*
15 *identifiable contributors prior to placing a new or modified order*
16 *for additional printing of the advertisement.*

17 *SEC. 21. Article 6 (commencing with Section 84550) is added*
18 *to Chapter 4 of Title 9 of the Government Code, to read:*

19
20 *Article 6. Expenditures of Organizations*
21

22 *84550. For purposes of this article, the following terms have*
23 *the following meanings:*

24 *(a) "Campaign" means the expenditures and other activities*
25 *of a covered organization in support of, or opposition to, or in*
26 *reference to, a specific ballot measure, candidate, legislative*
27 *action, or administrative action, or any combination thereof.*

28 *(b) "Campaign-related disbursement" means a disbursement*
29 *of money by a covered organization for any of the following:*

30 *(1) An expenditure in support of, or opposition to, a ballot*
31 *measure.*

32 *(2) An independent expenditure in support of, or opposition to,*
33 *a candidate.*

34 *(3) An electioneering communication.*

35 *(4) An issue advocacy advertisement.*

36 *(5) A covered transfer of political purpose funds.*

37 *(c) "Covered organization" means a person, other than an*
38 *individual or political party, that can accept contributions,*
39 *donations, payments, or any other form of funds, including, but*
40 *not limited to, a committee, a nonprofit organization, a business*

1 *entity, a labor organization, and a federal or out-of-state political*
2 *action committee.*

3 *(d) “Covered transfer of political purpose funds” means a*
4 *transfer or payment of political purpose funds in an aggregate*
5 *amount of one thousand dollars (\$1,000) or more in a calendar*
6 *year by a covered organization to another covered organization.*

7 *(e) “Electioneering communication” means a communication*
8 *described in subdivision (a) of Section 85310.*

9 *(f) “Issue advocacy advertisement” means an advertisement in*
10 *a calendar quarter that is paid for by a person required to file a*
11 *statement under subdivision (b) of Section 86115 in the calendar*
12 *quarter and that does all of the following:*

13 *(1) Clearly refers to the subject matter, description, or name of*
14 *pending legislative or administrative action.*

15 *(2) Reflects a view on the legislative or administrative action*
16 *referred to in paragraph (1).*

17 *(3) Can only be reasonably interpreted as an appeal for the*
18 *recipient of the advertisement to take action by contacting an*
19 *employee or elected official of the state government or any local*
20 *government or encouraging others to contact those persons.*

21 *(g) “Ordinary business funds” means amounts received by a*
22 *covered organization in the ordinary course of any trade or*
23 *business conducted by the covered organization, or in the form of*
24 *investments in the covered organization.*

25 *(h) “Original contribution” means a contribution, donation,*
26 *transfer, or payment of dues made by an original contributor to*
27 *an original recipient. In the case of an original contributor that*
28 *is a covered organization, the original contribution amount is the*
29 *amount that is made up entirely of ordinary business funds and*
30 *contributions, donations, transfers, or payments of dues amounting*
31 *to less than an aggregate of one thousand dollars (\$1,000) from*
32 *each person.*

33 *(i) “Original contributor” means a person that was the original*
34 *source of political purpose funds acquired by a covered*
35 *organization, notwithstanding the fact that the political purpose*
36 *funds were transferred, in whole or in part, through one or more*
37 *covered organizations. An original contributor includes any of the*
38 *following:*

39 *(1) An individual, political party, or other person that does not*
40 *accept political purpose funds from others and that makes one or*

1 *more contributions or payments of political purpose funds to a*
2 *covered organization in an aggregate amount of one thousand*
3 *dollars (\$1,000) or more in a calendar year.*

4 *(2) If a covered organization makes a campaign-related*
5 *disbursement, any of the following persons or entities whose*
6 *political purpose funds were used in that disbursement:*

7 *(A) Any original contributor identified in a covered transfer*
8 *statement received by the covered organization.*

9 *(B) Any original contributor defined in paragraph (1).*

10 *(C) The covered organization, if it used ordinary business funds*
11 *totaling one thousand dollars (\$1,000) or more.*

12 *(D) The covered organization, if it used one thousand dollars*
13 *(\$1,000) or more from persons who each made payments or*
14 *contributions totaling less than one thousand dollars (\$1,000) in*
15 *a calendar year.*

16 *(j) “Original recipient” means the first covered organization*
17 *to which an original contribution is made.*

18 *(k) “Political purpose funds” means funds made up of any*
19 *payments, including contributions, donations, transfers, or*
20 *payments of dues, that qualify as contributions or that are made*
21 *to a covered organization by a person who does any of the*
22 *following:*

23 *(1) Requests or gives permission for the payment to be used for*
24 *campaign-related disbursements.*

25 *(2) Makes the payment in response to a solicitation or other*
26 *request for funds that are expected to be used for campaign-related*
27 *disbursements.*

28 *(3) Makes the payment to a covered organization that publicly*
29 *declares that any payments may be expected to be used for*
30 *campaign-related disbursements unless the person prohibits, in*
31 *writing, the use of their funds for campaign-related disbursements.*

32 *84551. (a) A covered organization that makes*
33 *campaign-related disbursements aggregating more than one*
34 *thousand dollars (\$1,000) in a calendar year shall only expend*
35 *political purpose funds for those disbursements. A covered*
36 *organization shall not make any campaign-related disbursements*
37 *using funds received by a transfer or payment from another covered*
38 *organization if that organization has not provided a transfer of*
39 *political purpose funds statement pursuant to Section 84553.*

1 (b) If a covered organization's political purpose funds and
2 campaign-related disbursements are fully accounted for, no public
3 disclosure shall be required relating to the identity of the covered
4 organization's other members and general donors. Any public
5 disclosure shall be limited to the sources, amounts, expenditures,
6 and transfers of the covered organization's political purpose funds
7 and campaign-related disbursements.

8 84552. (a) A covered organization shall keep an accounting
9 of all of the original contributors of its political purpose funds.
10 The accounting shall be available for audit by the Commission
11 and shall include all of the following information relating to each
12 original contributor:

13 (1) The same identifying information required for persons who
14 make contributions.

15 (2) The date, amount, and original recipient of each original
16 contribution that makes up the covered organization's political
17 purpose funds from the original contributor.

18 (3) Any amounts of each original contribution that are directed
19 to be used for specific campaigns.

20 (4) The dates, amounts, campaigns, and other purposes for
21 which original contributors' funds were expended or the covered
22 organizations that they were transferred to, if any.

23 (b) Records for each original contribution shall be preserved
24 for at least 48 months after they are recorded as having been
25 expended, transferred, or used for other purposes.

26 84553. (a) If a covered organization makes a covered transfer
27 of political purpose funds, it shall provide a transfer of political
28 purpose funds statement made under penalty of perjury to both
29 the Commission and the recipient organization within 24 hours.
30 The statement shall include the same identifying information for
31 both the covered organization and the recipient organization as
32 required for committees, and a statement of what amounts, if any,
33 of the transferred funds are directed to be used for specific
34 campaigns.

35 (b) The transfer of political purpose funds statement shall
36 include an accounting of each original contribution making up
37 the transfer that includes all of the following:

38 (1) The same identifying information required for persons who
39 make contributions.

40 (2) The contribution's date, amount, and original recipient.

1 (3) Any portions of the contribution that are directed to be used
2 for specific campaigns. If the transfer of political purpose funds
3 statement specifies that the transferred funds are directed to be
4 used for specific campaigns, then that direction shall be listed,
5 provided it is consistent with the original direction for the original
6 contribution's use.

7 84554. (a) A covered organization that makes expenditures
8 for a specific campaign in an amount, in the aggregate, equal to
9 or greater than the applicable campaign disclosure threshold, as
10 defined in Section 84501, in a calendar year that are not covered
11 transfers of political purpose funds shall file a statement made
12 under penalty of perjury with the Secretary of State and the
13 Commission that includes the same identifying information for the
14 covered organization as required for committees.

15 (b) The statement required by subdivision (a) shall include an
16 accounting of each original contribution that was used for the
17 covered organization's cumulative expenditures for the campaign,
18 plus any original contributions that have been directed to be used
19 for the campaign but have not yet been expended, and shall contain
20 all of the following information:

21 (1) The same identifying information required for persons who
22 make contributions.

23 (2) The contribution's date, amount, and original recipient.

24 (3) The date or dates of the original statement or statements on
25 which it was listed as expended, if any.

26 (c) The statement described in subdivision (a) shall be amended
27 within 24 hours from the time at which the aggregated earmarked
28 original contributions, as defined in Section 84501, for the
29 campaign increase by an amount that meets or exceeds the
30 campaign disclosure threshold since the previous statement.

31 84555. A covered organization that makes campaign-related
32 disbursements shall be subject to discretionary audits conducted
33 by the Commission. An audit conducted pursuant to this section
34 shall be limited to examining the covered organization's
35 campaign-related disbursements and sources and uses of its
36 political purpose funds. A covered organization shall keep copies
37 of records detailing a person's request or granting of permission
38 to use its funds for campaign-related disbursements, any written
39 statements persons made prohibiting the use of their funds for
40 campaign-related disbursements, its fundraising solicitations, and

1 *the transfer of political purpose funds statements from the covered*
2 *organizations that transfer political purpose funds to it. A covered*
3 *organization shall make these records available for inspection by*
4 *the Commission, if requested, during an audit.*

5 84556. (a) *In addition to the remedies provided for in Chapter*
6 *11 (commencing with Section 91000), a person who makes a*
7 *covered transfer of political purpose funds in violation of this*
8 *article is liable in a civil or administrative action brought by the*
9 *Commission or any person for a fine up to three times the amount*
10 *of the covered transfer of political purpose funds.*

11 (b) *The remedies provided for in subdivision (a) shall also apply*
12 *to any person who purposely causes any other person to violate*
13 *any provision of this article or who aids and abets any other person*
14 *in a violation.*

15 (c) *If a judgment is entered against the defendant or defendants*
16 *in an action brought under this section, the plaintiff shall receive*
17 *50 percent of the amount recovered. The remaining 50 percent*
18 *shall be deposited in the General Fund of the state. In an action*
19 *brought by a local civil prosecutor, 50 percent shall be deposited*
20 *in the account of the agency bringing the action and 50 percent*
21 *shall be paid to the General Fund of the state.*

22 SEC. 22. *Section 85310 of the Government Code is amended*
23 *to read:*

24 85310. (a) ~~Any~~ *A person who makes a payment or a promise*
25 *of payment totaling fifty ten thousand dollars (~~\$50,000~~) (\$10,000)*
26 *or more for a communication that clearly identifies a candidate*
27 *for elective-state office, but does not expressly advocate the election*
28 *or defeat of the candidate, and that is disseminated, broadcast, or*
29 *otherwise published within 45 days of an election during the period*
30 *beginning 120 days before the primary or special election and*
31 *ending on the date of the general or runoff election, shall file online*
32 *or electronically with the Secretary of State a report disclosing the*
33 *name of the person, address, occupation, and employer, and amount*
34 *of the payment. The report shall be filed within 48 hours of making*
35 *the payment or the promise to make the payment.*

36 (b) (1) *Except as provided in paragraph (2), if ~~any~~ a person has*
37 *received a payment or a promise of a payment from other persons*
38 *totaling five thousand dollars (\$5,000) or more for the purpose of*
39 *making a communication described in subdivision (a), the person*
40 *receiving the payments shall disclose on the report the name,*

1 address, occupation and employer, and date and amount received
2 from the person.

3 (2) A person who receives or is promised a payment that is
4 otherwise reportable under paragraph (1) is not required to report
5 the payment if the person is in the business of providing goods or
6 services and receives or is promised the payment for the purpose
7 of providing those goods or services.

8 (c) ~~Any~~—A payment received by a person who makes a
9 communication described in subdivision (a) is subject to the limits
10 specified in subdivision (b) of Section 85303 if the communication
11 is made at the behest of the clearly identified candidate.

12 *SEC. 23. No reimbursement is required by this act pursuant*
13 *to Section 6 of Article XIII B of the California Constitution because*
14 *the only costs that may be incurred by a local agency or school*
15 *district will be incurred because this act creates a new crime or*
16 *infraction, eliminates a crime or infraction, or changes the penalty*
17 *for a crime or infraction, within the meaning of Section 17556 of*
18 *the Government Code, or changes the definition of a crime within*
19 *the meaning of Section 6 of Article XIII B of the California*
20 *Constitution.*

21 *SEC. 24. The Legislature finds and declares that this bill*
22 *furtheres the purposes of the Political Reform Act of 1974 within*
23 *the meaning of subdivision (a) of Section 81012 of the Government*
24 *Code.*